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**ANCHOR** STEEL AND CONVEYOR COMPANY » »  
**CONVEYORS**

DESIGNERS AND MANUFACTURERS.

**6906 KINGSLEY AVENUE • DEARBORN, MICHIGAN**





## DIRECTORS

MARSHALL I. BRENNER  
HARRY GARLAND  
RALPH B. GRIERSON

FRANK P. HASTINGS  
JOHN P. O'HARA  
DAVID JASSY

ARTHUR B. PFLEIDERER  
F. WILLIAM SHUDE  
JOSEPH STROBL

## OFFICERS

JOHN P. O'HARA  
*Chairman of the Board*

HARRY GARLAND  
*President*

F. WILLIAM SHUDE  
*Secretary*

MARSHALL I. BRENNER  
*Vice-President and General Manager*

HAROLD A. RIETH  
*Treasurer*

## STAFF

TED HEGELMAN  
*Sales Manager*  
E. BRUCE MUMFORD  
*Sales Engineer*  
MIKE MICHAELS  
*Sales Engineer*  
JOHN W. KOSTYO  
*Sales Engineer*  
WENDELL LOSEY  
*Sales Engineer*  
C. DOUGLAS SMITH  
*Merchandise Sales*

R. BRUCE PREBLE  
*Sales Engineer and  
Advertising Manager*  
ADE CZARNECKI  
*Chief Engineer*  
ERWIN FELT  
*Chief Electrical Engineer*  
JOS. JORDAN  
*Field Superintendent*  
THANE GILLESPIE  
*Shop Superintendent*

HARRY VANCORE  
*Shop Foreman*  
PAUL SPEEN  
*Shop Foreman*  
CHESTER NEAL  
*Shop Foreman*  
HAROLD QUINN  
*Director of Purchases*  
WILLIAM WEBSTER  
*Controller*  
GEORGE GARRISH  
*Chief Estimator*

## GENERAL OFFICES

6906 KINGSLEY AVENUE  
*Dearborn, Michigan*

### Transfer Agent

THE DETROIT BANK AND TRUST COMPANY  
*Detroit, Michigan*

### Auditors

ERNST & ERNST  
*Detroit, Michigan*





ADE CZARNECKI, HARRY GARLAND, MARSHALL BRENNER, TED HEGELMAN

## TO THE STOCKHOLDERS

We are pleased to submit to you the Annual Financial Report for the year ending December 31, 1965, with report of Ernst & Ernst, Certified Public Accountants.

The management is gratified to report that the year 1965 has established a high water mark for the company for total volume of completed sales and net profits. Sales for the year were \$10,426,123, with a before-tax profit of \$1,026,923. After-tax profits of \$526,923 amount to \$0.96 per share, which exceeds the after-tax earnings in 1963, our highest previous year.

At year-end 1965 the backlog of uncompleted contracts compared favorably with that at the end of 1964. This, in addition to new sales booked during January and February of this year, would indicate a satisfactory result in 1966 on overall sales and profits. In spite of the foregoing, however, it is difficult to predict an increase in billed sales for the year 1966 at this point, as we may be limited by a shortage of manpower in certain

key phases of the operation. Experienced engineering personnel in this industry are at a premium, and an aggravated shortage of skilled labor in installation work also exists. However, we see no decline in the demand for capital goods in the near future and our market potential continues to be high.

In our 1964 Annual Statement we advised you of certain capital expansion projects, which were under way at our plant. These projects have been substantially completed and to a degree were reflected in our ability to handle the increased volume in 1965. At the present time we are exploring further avenues for expansion of our facilities towards a goal of achieving increased capacity.

For the Board of Directors,

HARRY GARLAND  
*President*

February 28, 1966

## HIGHLIGHTS OF 1965



ENGINEERING DEPARTMENT

### FACILITIES

In our 1964 year-end statement, we discussed the acquisition of an additional building and acreage immediately adjacent to our main plant. The modifications to this facility have been completed and these two pictures show views through the Machine Shop and the Engineering Department. The Machine Shop has been relocated and substantially expanded through the acquisition of additional machinery and equipment during 1965. As pointed out in the president's letter, we are conducting a study at the present time to determine the most advantageous way to

further increase the plant area and ultimate capacity. We expect to reach a decision in this matter and move into the next phase of expansion some time during the latter half of this year.

During 1965 we purchased a 2½ acre plot of land on Dort Highway, just beyond the northern city limits of Flint, Michigan. We now have under construction a 6,000 square foot building to be used as a storage and field facility to better serve the Flint, Saginaw and Bay City area. During the past five years we have occupied various leased properties for this purpose, which have been inadequate.



MACHINE SHOP



## RESEARCH DEVELOPMENTS

During 1965 the company moved forward on several new developments in our field. The most promising is our NEST-PAK Power and Free System. A full scale operating prototype was erected in our plant for test and evaluation. Subsequently, many of our customers viewed this prototype with very favorable comments and response. We are pleased to report that our first major NEST-PAK installation was sold in early 1966.

## SALES PROMOTION AND ADVERTISING

We continued an aggressive advertising campaign, which was part of a planned program started in 1964 to give your company greater identification in broader markets. Included in this program were the following:

1. Full page two-color ads have been run on a scheduled basis on the inside front cover of one of the leading trade magazines. Surveys show that this has resulted in increased national recognition of Anchor's name and capabilities.
2. A direct mailing program has produced over 700 requests for catalogs and information on our products.
3. A professional twelve-minute color sound motion picture, "Operation Turn-Key", has been shown in various parts of this country and abroad. The results have convinced us that this activity can be very valuable in introducing certain types of installation to industry.
4. We are continuing to participate in various trade shows in fields which offer future sales potential for the company.

The following two pages demonstrate the type of products and applications that were featured in advertisements in 1965.

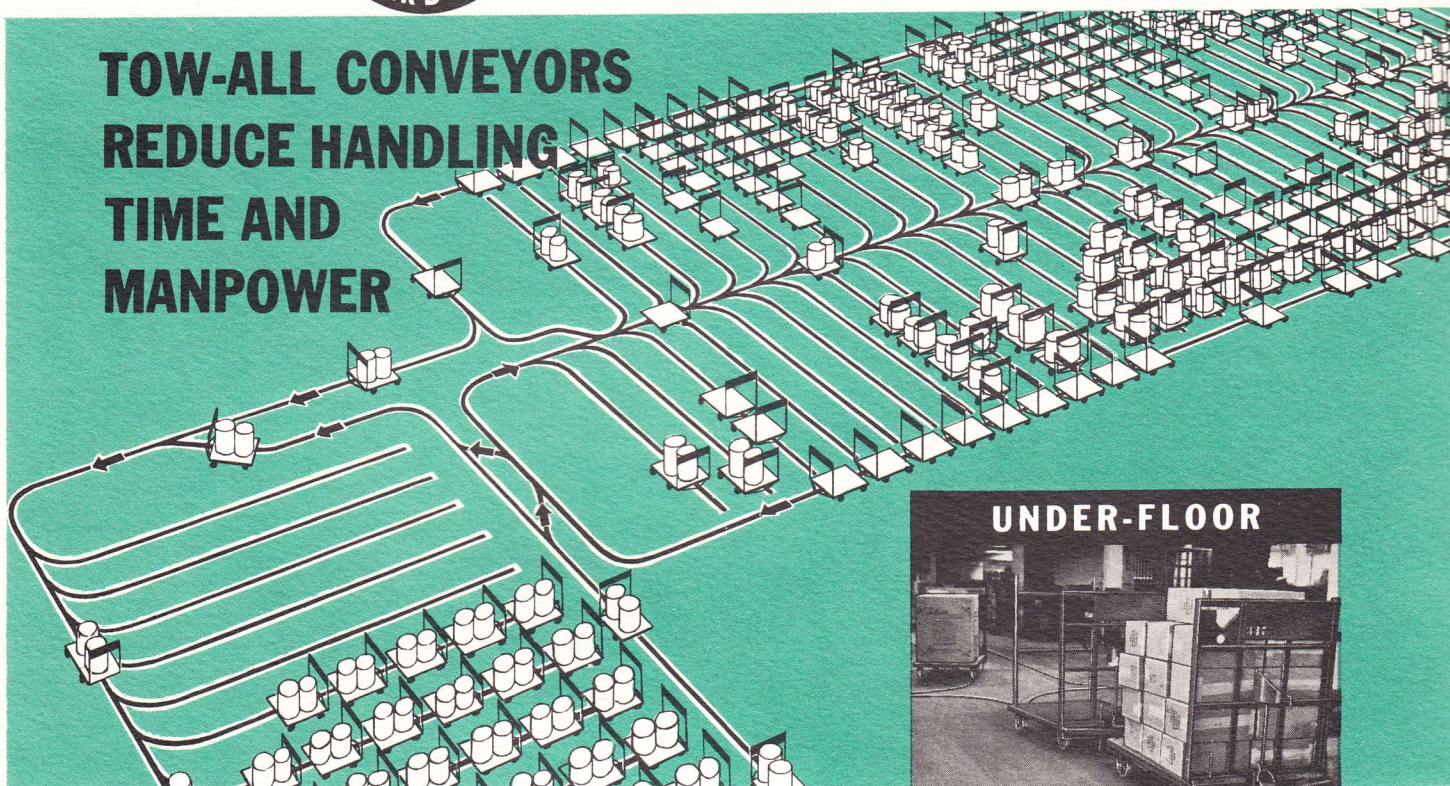


**PROOF**



# You can handle "IT" BETTER FOR LESS on an ANCHOR SYSTEM

**TOW-ALL CONVEYORS  
REDUCE HANDLING  
TIME AND  
MANPOWER**



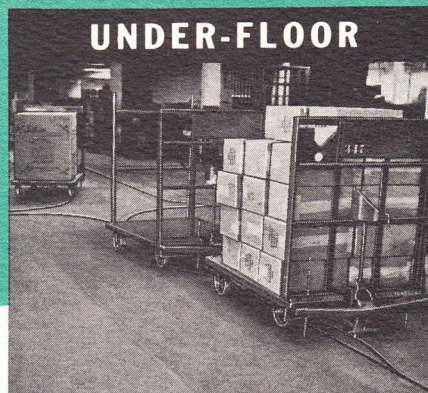
## Automatic Switching and Accumulation

Versatile Tow-All Conveyors eliminate congestion and confusion in warehouses, freight terminals, and other installations where carts must negotiate a predetermined path.

Standard Tow-All Conveyors have chain, trolleys, turns and drive units below the floor. Tow pins are dropped through a one inch slot and automatically engage the chain pusher trolleys.

Carts can be set to switch between conveyors, or into any desired spur line. Automatic controls regulate traffic at merge points. Stops can be provided to accumulate banks of carts by releasing the tow pins, without stopping the conveyor chain.

Overhead Tow-All Conveyors are used where it is not practical to install track in the floor. Automatic switching, accumulation, and other modifications can be incorporated into either design.



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**CONVEYORS**

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313-846-6000



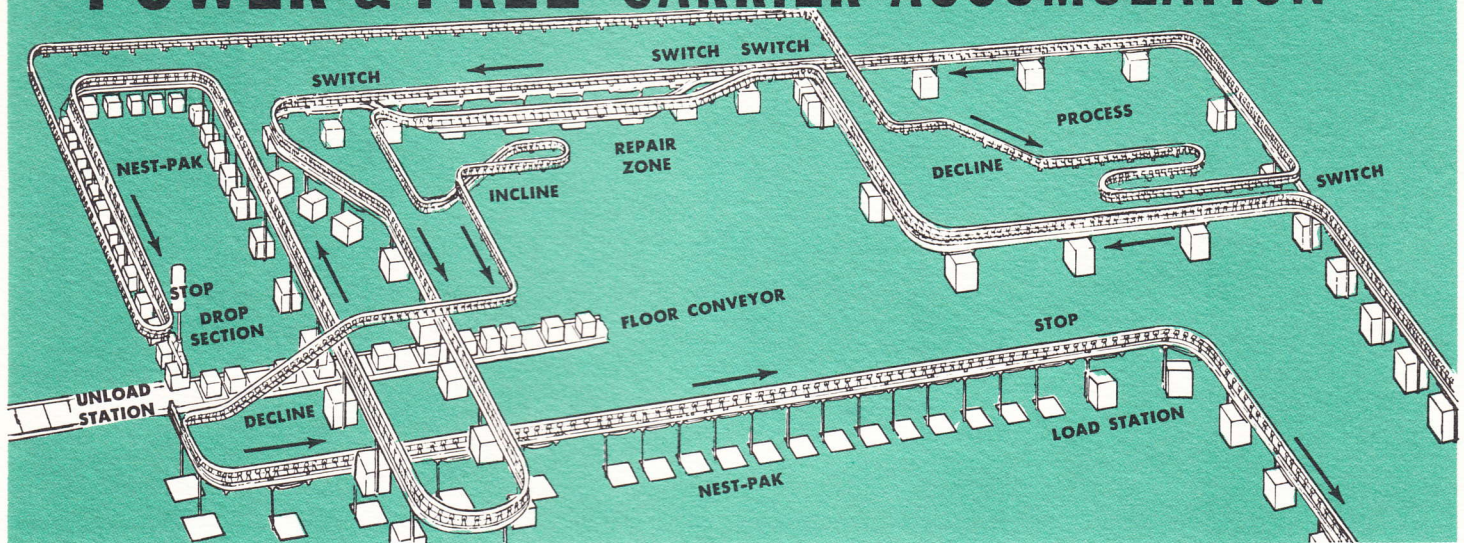


PROOF

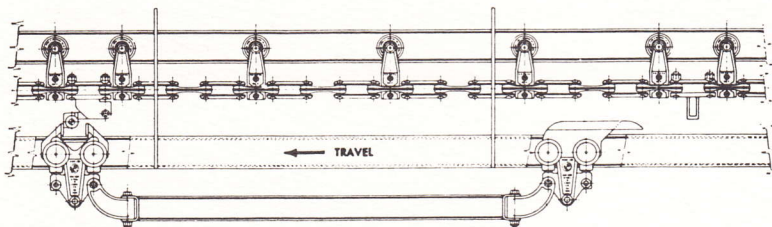


# You can handle "IT" BETTER FOR LESS on an ANCHOR SYSTEM

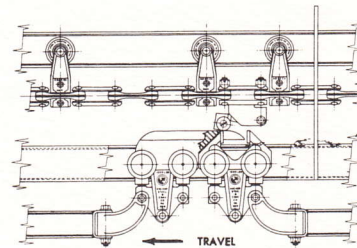
## WITH SIMPLIFIED POWER & FREE CARRIER ACCUMULATION\*



Anchor "Nest-Pak", with fewer moving parts and less maintenance, makes the accumulation feature of power and free available at low cost for large or small loads. Carrier design is simplified, special trolleys are not required, and bothersome spring pushers are eliminated. Loads can be pushed forward manually, if desired, yet are positively controlled on inclines and declines.



Typical "Nest-Pak" carrier bar, showing front carrier trolley, roller pusher, rear carrier trolley with cam plate, and solid transfer pusher. In "Nest-Pak" areas the transfer pusher is above the trolley dogs and cam plate, so as not to interfere with accumulation. At a transfer point the upper rail is lowered slightly, the transfer pusher contacts the cam plate, and pushes the carrier until the leading carrier trolley is in position to be engaged by the roller pusher on the receiving conveyor.



Two carriers shown in the "Nest-Pak" position. The leading trolley of the second carrier has nested into the slotted cam plate of the first carrier, the roller pusher is being lifted out of and over the trolley dog. Carriers will remain in this position until the stop has been retracted and all preceding carriers have been removed at normal dog spacing.

\*Patent Pending

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# BALANCE SHEET

December 31, 1965

## ASSETS

### CURRENT ASSETS

Cash .....	\$ 648,817
Accounts receivable, less allowance of \$5,000 .....	694,298
Cost of work performed on uncompleted contracts, less billings of \$19,800 — Note A .....	361,416
Inventory of materials and purchased parts — at lower of first-in, first-out cost or market .....	389,879
Prepaid expenses .....	44,416
TOTAL CURRENT ASSETS	\$2,138,826

### OTHER ASSETS

31,280

### PROPERTY, PLANT, AND EQUIPMENT — on basis of cost

Land .....	\$ 54,802
Buildings and improvements .....	663,775
Machinery and equipment .....	308,964
	<u>\$1,027,541</u>
Less allowances for depreciation .....	346,349
	<u>681,192</u>
	<u>\$2,851,298</u>

## LIABILITIES AND STOCKHOLDERS' EQUITY

### CURRENT LIABILITIES

Accounts payable .....	\$ 186,832
Payrolls and amounts withheld therefrom .....	105,612
Contribution to profit-sharing retirement plan — Note B .....	109,646
Taxes, other than income taxes .....	50,099
Allowance for warranties and additional costs on completed contracts	25,000
Federal income taxes .....	406,621
Billings on uncompleted contracts, less cost of work performed of \$33,841 — Note A .....	30,667
TOTAL CURRENT LIABILITIES	\$ 914,477

### STOCKHOLDERS' EQUITY

Common Stock, \$1.00 par value:	
Authorized — 700,000 shares	
Issued and outstanding — 550,000 shares .....	\$ 550,000
Additional paid-in capital (no change during the year) ..	106,295
Retained earnings .....	<u>1,280,526</u>
	<u>1,936,821</u>
	<u>\$2,851,298</u>

See notes to financial statements.



## STATEMENT OF OPERATIONS AND RETAINED EARNINGS

Year ended December 31, 1965

Billings on contracts completed during the year and sales of service parts — Note A .....		\$10,426,123
Other income .....		<u>4,216</u>
		\$10,430,339
Costs and expenses, including provision of \$51,156 for depreciation of plant and equipment:		
Cost of completed contracts and service parts sold .....	\$8,452,576	
Selling and administrative expenses .....	922,111	
Loss on sale of properties .....	18,751	
Interest expense .....	<u>9,978</u>	9,403,416
	EARNINGS BEFORE FEDERAL INCOME TAXES	\$ 1,026,923
Federal income taxes .....		<u>500,000</u>
	NET EARNINGS	\$ 526,923
Retained earnings at January 1, 1965 .....		<u>822,353</u>
		\$ 1,349,276
Less cash dividends paid — \$.125 a share .....		<u>68,750</u>
	RETAINED EARNINGS AT DECEMBER 31, 1965	<u>\$ 1,280,526</u>

## NOTES TO FINANCIAL STATEMENTS

**NOTE A** — It is the policy of the Company to recognize profits on contracts only upon completion, but to recognize losses as soon as they become apparent.

**NOTE B** — The Company has a pension plan for certain hourly-rated employees. The annual cost of the plan approximates \$37,000, including the funding over a thirty-year period of the past-service liability, which, at December 31, 1965, approximated \$185,000.

The Company also has a profit-sharing retirement plan in effect for its salaried employees. A contribution of \$109,646 was required to this plan for 1965.



# ACCOUNTANTS' REPORT

## ERNST & ERNST

Board of Directors  
Anchor Steel & Conveyor Company  
Dearborn, Michigan

We have examined the financial statements of Anchor Steel & Conveyor Company for the year ended December 31, 1965. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

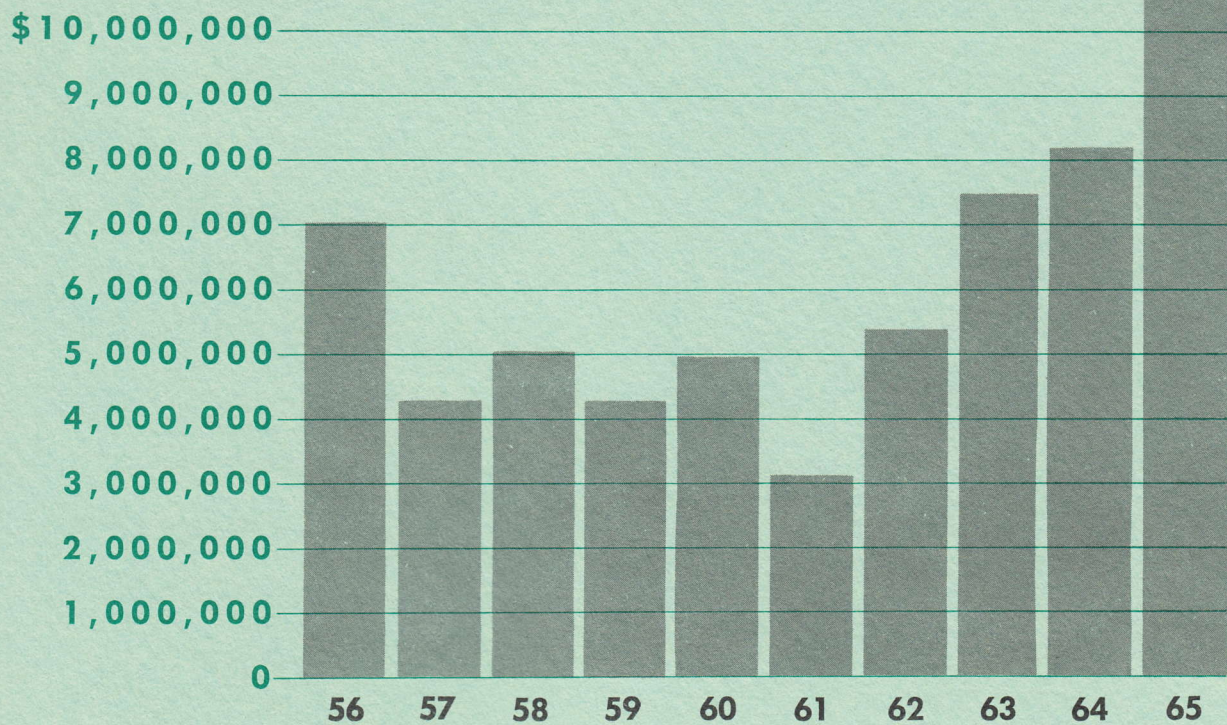
In our opinion, the accompanying balance sheet and statement of operations and retained earnings present fairly the financial position of Anchor Steel & Conveyor Company at December 31, 1965, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Ernst & Ernst*

Detroit, Michigan  
February 23, 1966



## TEN YEAR SALES



## FIVE YEAR SUMMARY

	1965	1964	1963	1962	1961
Completed contract sales .	\$10,426,123	\$8,209,203	\$7,455,225	\$5,320,648	\$3,125,854
Earnings before taxes . .	1,026,923	629,581	763,530	(24,188)	(11,174)
Earnings after taxes . . .	526,923	329,581	463,530	(24,188)	(11,174)
Earnings per share . . .	.96	.60	.84	—	—
Dividends paid per share .	.12½	.05	—	—	—
Working capital . . . .	1,224,349	990,051	720,170	397,324	301,578
Ratio current assets to liabilities . . . . .	2.33	2.09	1.94	1.40	1.45
Shareholders' equity . . .	1,936,821	1,478,648	1,176,567	*713,037	777,225
Book value per share . .	3.52	2.69	2.14	1.30	1.41

\*Reflects \$40,000 Inventory Devaluation.